

COMMITTEE ON GOVERNMENT REFORM

TOM DAVIS, CHAIRMAN



MEDIA ADVISORY

For Immediate Release
September 22, 2004

Contact: Robert White/Drew Crockett
(202) 225-5074

Government Reform Committee to Examine Intellectual Property Piracy

*Piracy Costs to U.S. Companies Are Measured in the Billions
What Tools are Needed to Combat this Growing International Problem?*

**What: Government Reform Committee Oversight Hearing:
“Intellectual Property Piracy: Are We Doing Enough to Protect U.S.
Innovation Abroad?”**

When: THURSDAY, SEPTEMBER 23, 2004, 11:00 a.m.

Where: ROOM 2154, RAYBURN HOUSE OFFICE BUILDING

Background:

The United States is the dominant producer of intellectual property in the world. The term “intellectual property” refers to creations of the mind – inventions, literary and artistic works, computer software, designs for consumer and industrial products, and the like. Intellectual property continues to be a driver of economic growth, both in the United States and worldwide.

Domestically, copyright, patent, and trademark laws protect these creations from misuse. But counterfeiting and piracy in foreign countries of U.S. intellectual property is a rampant – in fact, the manufacture and sale of these items have become a huge global business. Counterfeited editions of U.S. software, movies, music, and designs for consumer and industrial products can be found in markets throughout the world.

While the very nature of these illicit operations makes it difficult to determine exact losses, the International Intellectual Property Association estimates that piracy is responsible for \$20-22 billion in lost revenues annually, and the U.S. Office of the Trade Representative reported that between \$200 and \$250 billion was lost by U.S. companies

in 2003 because of piracy and counterfeiting. Beyond their direct financial impact, these illicit activities threaten American jobs, competitiveness and economic vitality.

Foreign intellectual property laws are often either totally lacking, woefully inadequate to protect legitimate U.S. intellectual property interests, or simply not enforced. Federal law charges a number of different U.S. Government agencies with responsibility for securing more comprehensive and effective protection of U.S. intellectual property rights abroad. These efforts include policy initiatives, training and technical assistance to foreign governments, and Federal law enforcement actions. The agencies that have responsibilities for these activities are USTR, the Departments of State, Commerce, Justice, and Homeland Security, the U.S. Patent and Trademark Office, the U.S. International Trade Commission, the U.S. Agency for International Development, the Federal Bureau of Investigation, and the Library of Congress's Copyright Office.

The complexity of this issue requires that the Federal agencies involved coordinate specific functions. Formal efforts include the National Intellectual Property Law Enforcement Coordination Council (NIPLECC), which was created in 1999 by Congress to coordinate law enforcement efforts among the various responsible Federal agencies. However, criticism has been raised as to the effectiveness of NIPLECC. The USTR also coordinates efforts to protect U.S. intellectual property through the Special 301 review, which consists of annual assessments of the effectiveness of foreign countries' efforts to protect U.S. intellectual property. Less formal coordination is ongoing at individual U.S. embassies in countries where intellectual property violations are severe.

Private industry also bears responsibility to enforce and protect its intellectual property rights abroad. A number of industry associations engage in collaborative efforts to advance foreign governments' protection of U.S. interests.

The Committee has asked the Government Accountability Office (GAO) to review and assess Federal agencies' responsibilities and efforts to combat intellectual property piracy in foreign countries. GAO has completed its report, which will be released at the hearing. The report, "Intellectual Property—U.S. Efforts Have Contributed to Strengthened Laws Overseas, but Challenges Remain," confirms the severity of the piracy and counterfeiting problem. The Committee will ask for GAO's recommendations for strengthening U.S. efforts to protect those U.S. products.

In addition to the GAO report, the Committee will hear from private industry that is victimized by intellectual property piracy and counterfeiting in the world market. We particularly want to receive their assessment of not only the situation they face in international markets, but also their own enforcement efforts in foreign countries and the obstacles they face.

WITNESSES

Panel One:

The Hon. Rob Simmons (R-CT)

Panel Two:

Loren Yager, Director, International Affairs and Trade, Government Accountability Office

Panel Three:

Joe Papovich, Senior Vice President – International, Recording Industry Association of America

John Malcolm, Senior Vice President for Worldwide Anti-Piracy, Motion Picture Association of America

Robert Cresanti, Vice President for Public Policy, Business Software Alliance

The U.S. Chamber of Commerce

###